## **Project Rental Assistance Contract (PRAC)**

## **Operating Cost Increase Checklist**

(This Checklist is to be used when requesting a increase in operating expense amounts for a PRAC Contract)

	Project Name: FHA #:		
Sect	tion 1:		-
		N/A √	Incl.
1-1	Tenant Comment Procedures: (24 CFR, Part 245, Subpart D, and Handbook 4350.1, REV-1,		
	Chapter 7, Paragraphs 7-7 through 7-11)		
	A. Compliance with Tenant Comment Procedures Certification (4350.1, REV-1, Chapter 7, Appendix 2).		
	B. Notice to Tenants:		П
	a. Date of Notice is at least 30 days before submittal to HUD.		
	b. Includes both current and proposed rents; and utility allowance (by unit type)		
	c. Describes where and how the notice was distributed (e.g. posted, mailed, hand carried)		
	d. Provides a description for the reason an increase is needed.		
	C. Cover letter:		
	a. Describes the project's physical condition and any improvements that have been budgeted		
	b. Identifies proposed changes in services, equipment, or changes and the reasons for the		
	change		
	c. States why the increase is necessary		
	d. Provides the date the increase will be effective (same reasons for the increase as stated in		
	the Notice to Tenants)		
	D. Summary of the tenant comments or an indication that no comments were receive.		Ш
1-2	Budget Worksheet, Income and Expense Projections (Form HUD-92547 A)		
	A. The first column must contain revenue and expense figures from the project's last fiscal year end Profit and Loss Statement.		Ш
	B. The second column must provide year –to-date revenue and expenses figures for the <u>current</u>		
	fiscal year and specify the number of months the data covers.		
	C. The third column provides estimated revenues and expenses for the project's next fiscal year		П
	D. A narrative explaining the basis for an increase in any line item expense of greater than 5% from	$\Box$	lΗ
	the prior annual period's actual (first column) must be provided (Exception: if the line item		
	increase is less than \$500, no explanation is required)		
1-3	Owner's Certification Regarding Purchasing Practices and Reasonableness of Expenses.		П
	(Handbook 4350.1 REV-1, Chapter 7, Appendix 3)		
1-4	Reserve For Replacement Escrow		
	A. Requests for an adjustment in the Reserve For Replacement Escrow Account, must be supported		
	by a remaining useful life analysis or capital needs assessment that evaluates the adequacy of the		
	Reserve account. (Check "N/A" to signify no adjustment is requested)		
1-5	<b>Tenant Paid Utilities:</b> (Check "N/A" to A & B to signify project pays all utilities)		
	A. Increases or decreases to the Tenants utility allowance from the prior HUD approved amounts		
	must be supported by a recommendation to what utility allowance is appropriate for each unit		
	type and a summary of how the owner/agent arrived at the amount (Check "N/A" to signify no		
	change is requested)  P. If no change is recommended, an explanation as to why a change is not being requested must be		
	B. If no change is recommended, an explanation as to why a change is not being requested must be		

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	Projec	ct Name: FHA #:	
1-6	projec	t line" staff salaries; and/or management agent central office employees charged to the t's operating account (Handbook 4381.5, REV-2, Paragraph 6.38)	
	Α.	List employees, their duties, and the salary charged against the project. The list must include the	Ш
		following information:	
		<ul><li>a. Employee's name title, annual salary or wages, duties, and hours worked per year;</li><li>b. Percentage of employee's total hours charged to this project;</li></ul>	
		<b>c.</b> Calculation that determines payroll taxes; workman's compensation expenses; health insurance, and other benefit expenses charged to this project.	Ш
1-7	Form	HUD-92458 Rent Schedule with the following items completed:	
	A.	Project Name, FHA Project Number and Date Rents Will Be Effective (mm/dd/yyyy)	
	B.	Part B – Items included in Rent	
	C.	Part C – Charges in Addition to Rent (e.g., parking, cable TV, meals)	
	D.	Part D – Non-Revenue Producing Space	
	E.	Part E – Commercial Space (retail, offices, garages, etc.)	
	F.	Part G – Information on Mortgagor Entity	
1-8	Mana	gement Fee:	
	A.	Operating cost increases more than 20% must have their management fee calculated in	
		accordance to Handbook 4381.5, REV-2, Paragraph 3.9. (Check "N/A" to signify the increase is	
		below 20% and no adjustment is required)	
	B.	If a change in management fee is requested, form HUD-9839 A, B, or C completely filled out,	
		containing original signatures from the owner and the agent, must be provided. (Check "N/A" to	
		signify no change is required to the previously HUD approved form)	